

Status of the Unemployment Trust Fund and Related Issues



Commission on Unemployment Compensation

August 20, 2013

John R. Broadway, Commissioner

Trust Fund Data—Standard Forecast

(Millions of Dollars)



1

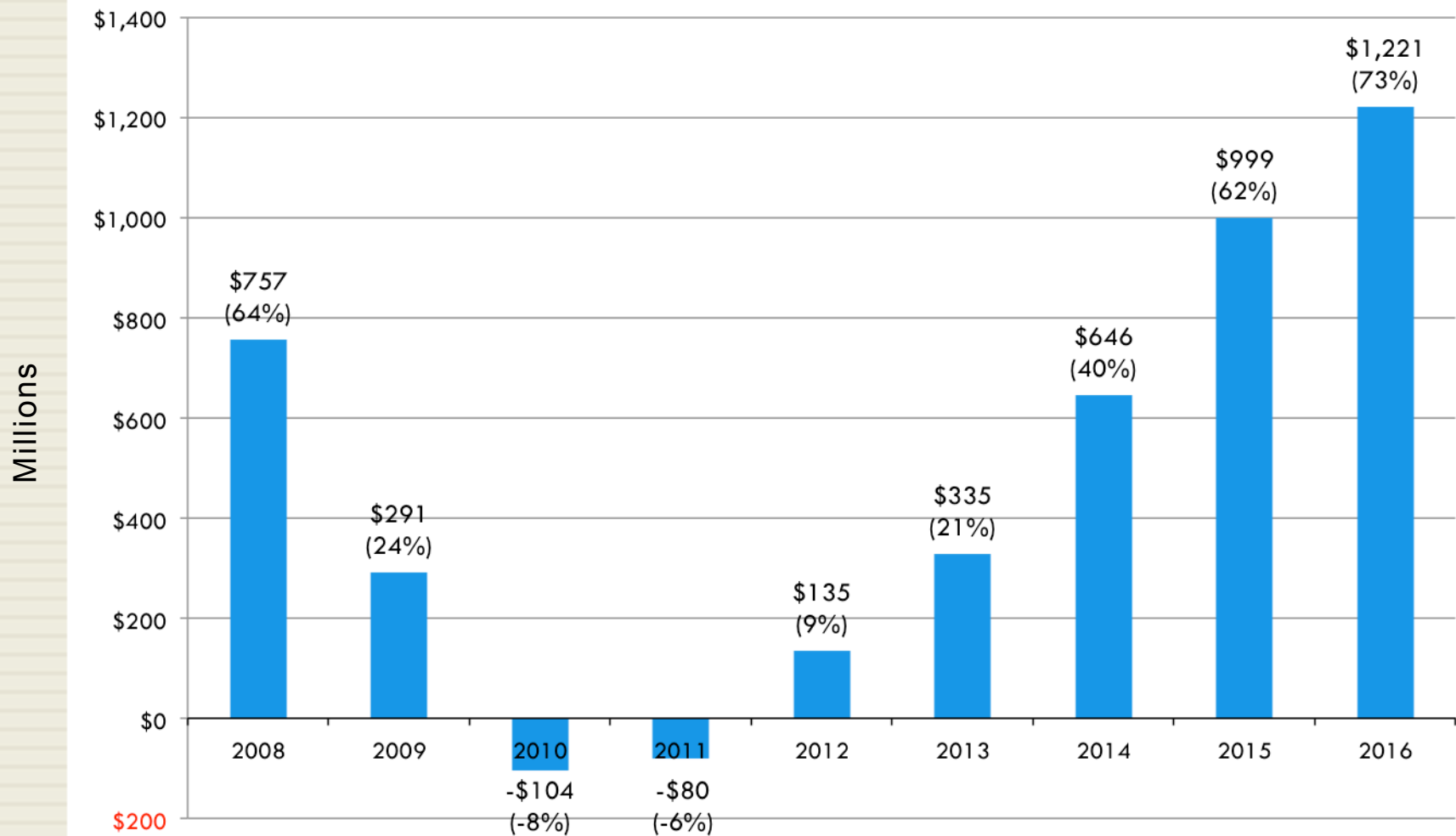
	2012	2013
January 1 Balance	-\$276.2	-\$34.3
Tax Revenue	\$787.0	\$794.9
Interest Revenue	\$1.5	\$4.3
Benefits	\$610.2	\$565.0
December 31 Loan/Cash Balance	-\$34.3	\$200.9
Solvency Level (6/30)	9.9%	21.9%

December 31, 2012 and 2013, balances include \$63.6 million and \$1.0 million, respectively, from FUTA Credit Reduction paid to IRS.

June 30 Balances and Trust Fund Solvency



2

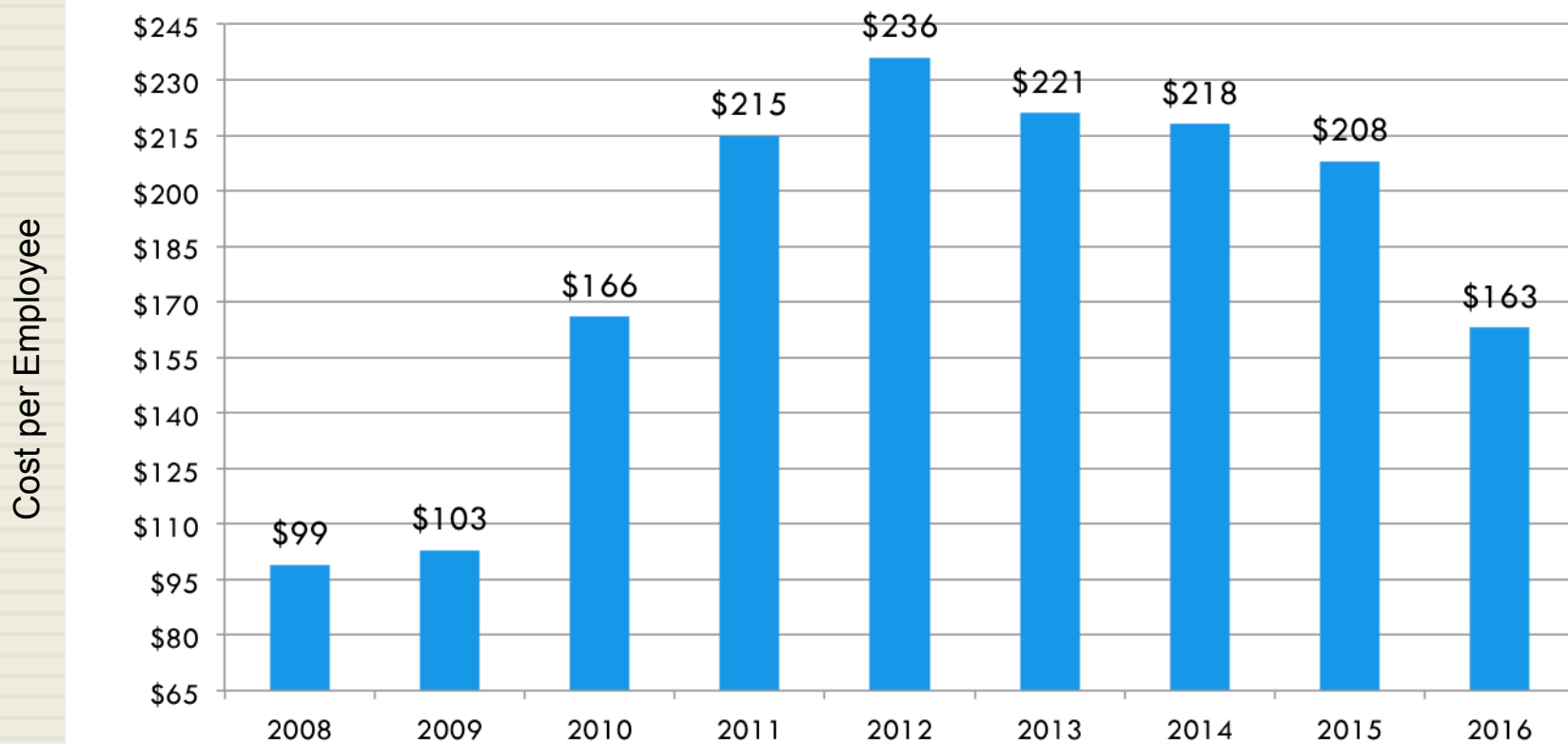


Trust Fund Solvency shown as a percent (%)

Average Total State Tax*



3



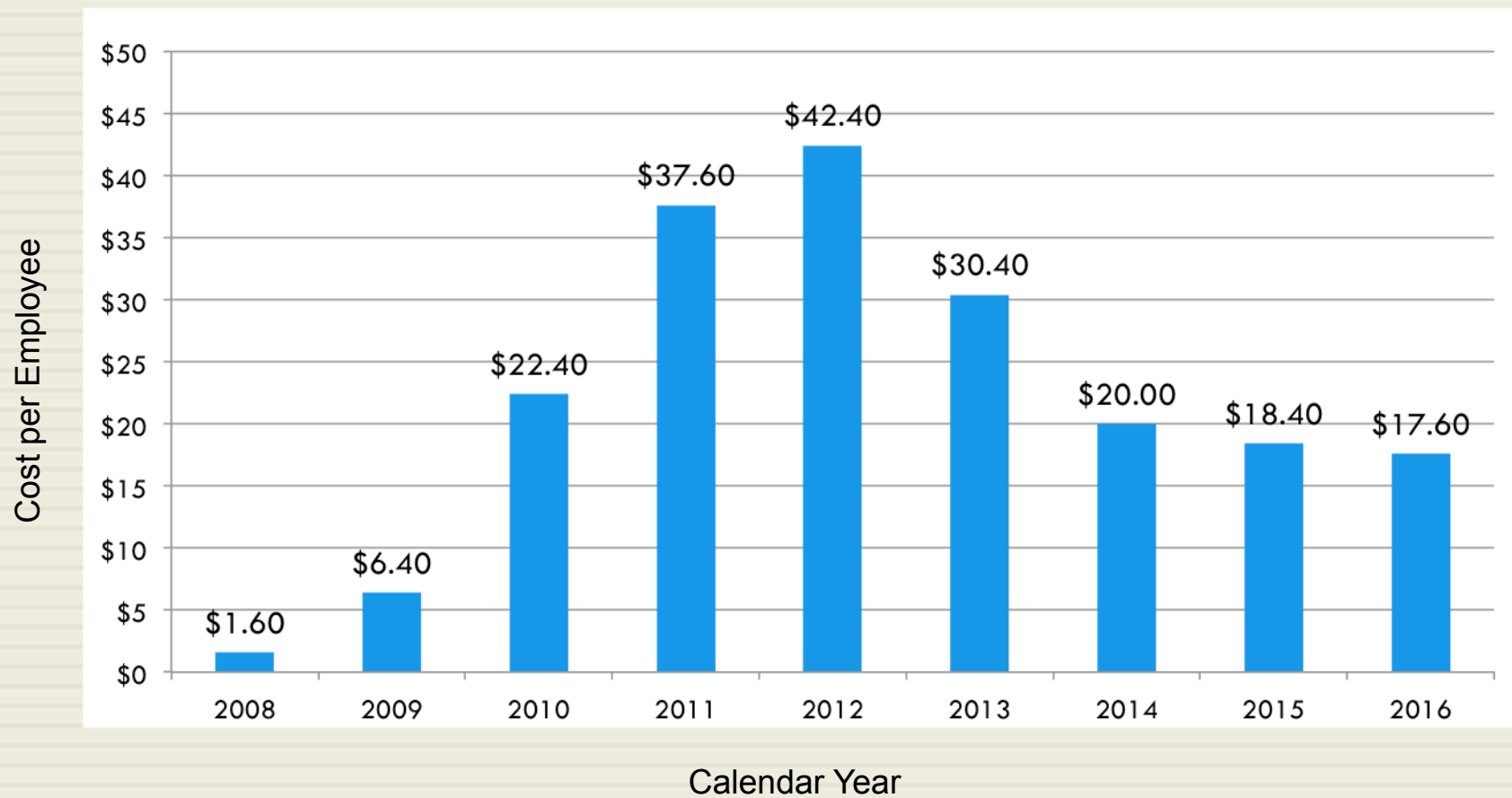
* Includes pool tax and fund builder tax.

Calendar Year

Pool Taxes



4



Virginia's Unemployment Insurance Borrowing



5

- As a result of the 2007-09 “Great Recession,” Virginia borrowed and repaid from October 2009 through May 2013 a total of \$986 million from the Federal Government and Virginia Treasury to pay regular state UI benefits.
- From October 2009 through April 2013 loans from the Federal Government totaled \$938 million. Interest of \$8.8 million was paid to the Federal Government in September 2011. Another \$5.1 million in interest was paid to the Federal Government in September 2012.
- From October 2012 through January 2013, \$48 million was borrowed from the State Treasury. All \$48 million was repaid by February 2013. Interest of \$26,403 was paid to the State Treasury in February and April 2013.

Virginia's Unemployment Insurance Borrowing



6

- A final loan payment of \$133,536,107 was made to the Federal Government on May 14, 2013.
- Interest of \$753,254 due to the Federal Government in September 2013 will be waived because all loans were borrowed and repaid in the current calendar year.

Claims Filed



7

Calendar Year	Initial Claims
2008	347,570
2009	485,711
2010	380,830
2011	330,057
2012	301,211
2013 (Jan. – Jul.)	164,418

Weeks of Unemployment Benefits Currently Authorized



8

- ❑ A claimant can currently receive up to 40 weeks of UI benefits in Virginia (Regular UI and EUC Tier I).
- ❑ Any new or current Tier 1 claims effective before September 29, 2013, will have a 14.2% reduction to weekly benefits. After September 29, 2013, the reduction to weekly benefits will change to .62% for all new Tier 1 claims made on or after that date.
- ❑ The last week to file a Tier I claim is December 22, 2013.
- ❑ However, those who file on December 22 will receive only one week of benefits.
- ❑ All federal extended unemployment compensation benefits will end as of December 28, 2013.

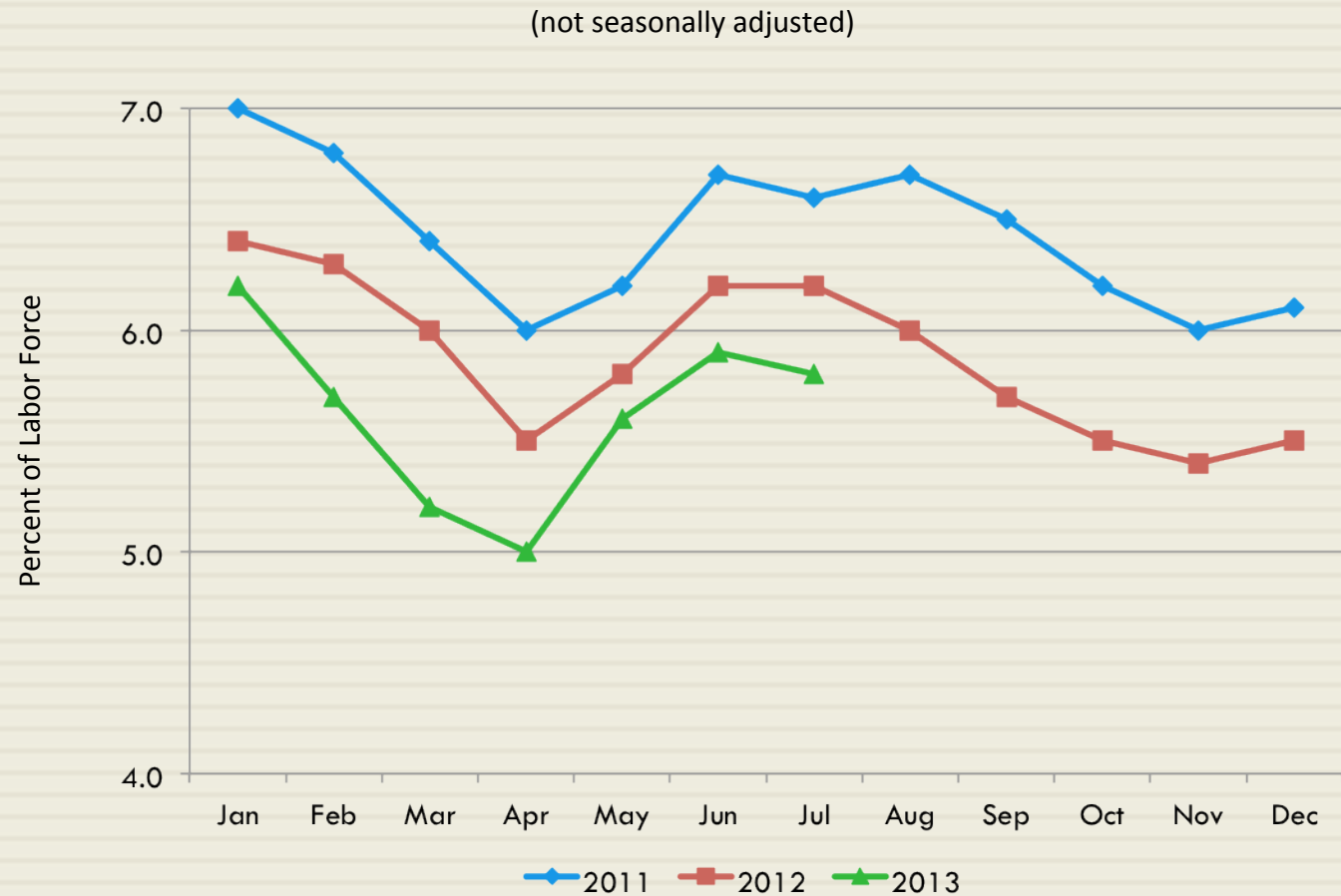
Virginia's Unemployment Rates

2011 - 2013 (year to date)



9

- This year unemployment rates have averaged about 8 percent lower than the year-ago rates.



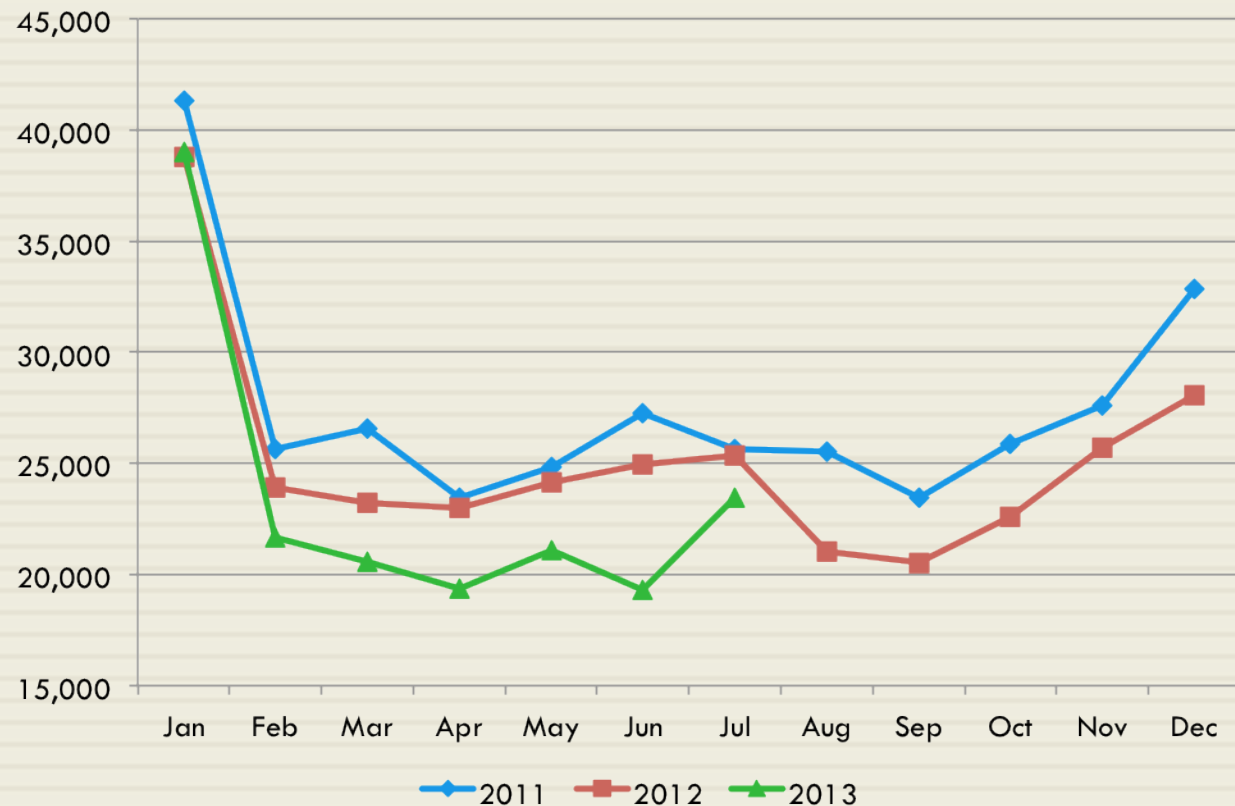
UI Initial Claims

2011 - 2013 (year to date)



10

- Total initial claims through July this year are down 10.3% because of fewer layoffs in manufacturing, construction, and administrative and support services. For the same period, initial claims are down 15.6% from 2011.



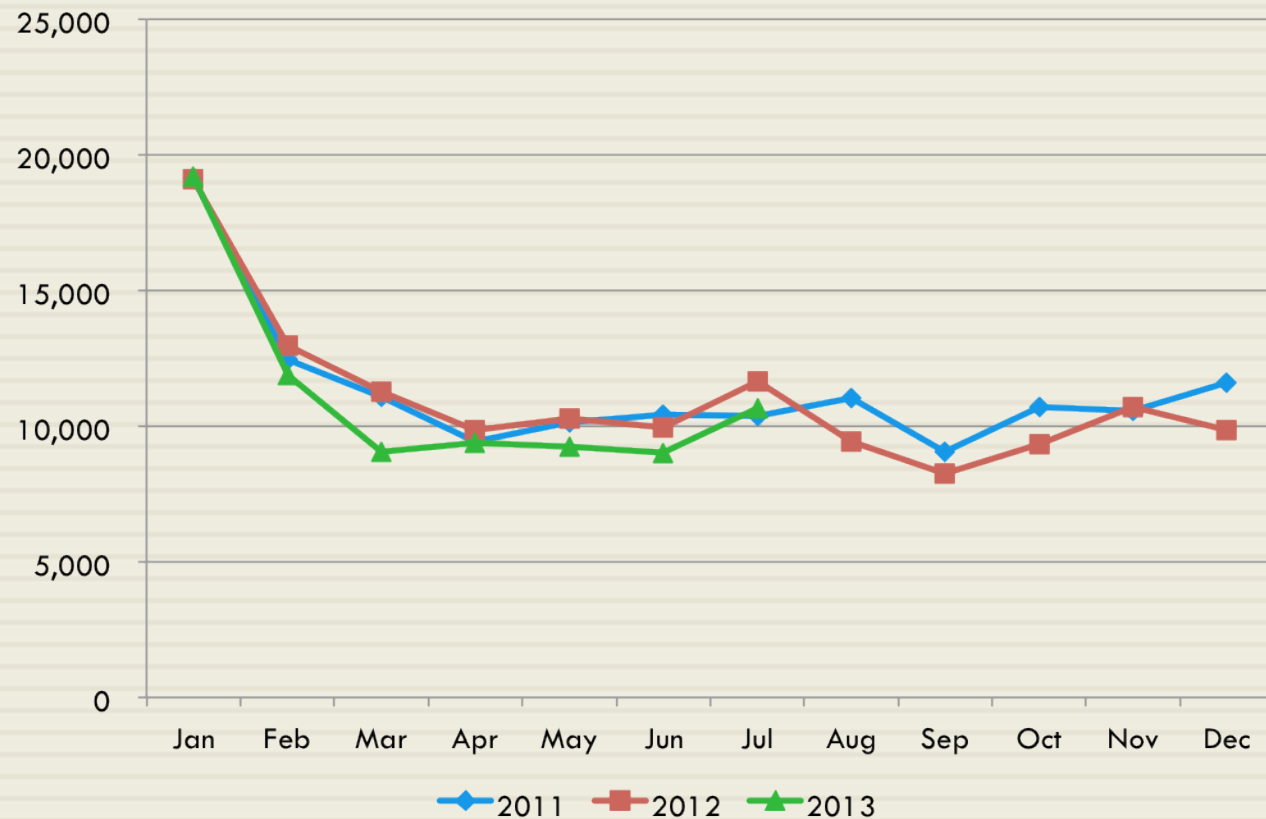
UI First Payments

2011 - 2013 (year to date)



11

- A claimant can receive only one first payment in his benefit year; so first payments are a good indication of the number of claimants receiving unemployment benefits.
- Through July, first payments are down 7.8% from last year, and 5.6% from 2011.
- The average duration in July was 16.0 weeks, unchanged from last July's level.



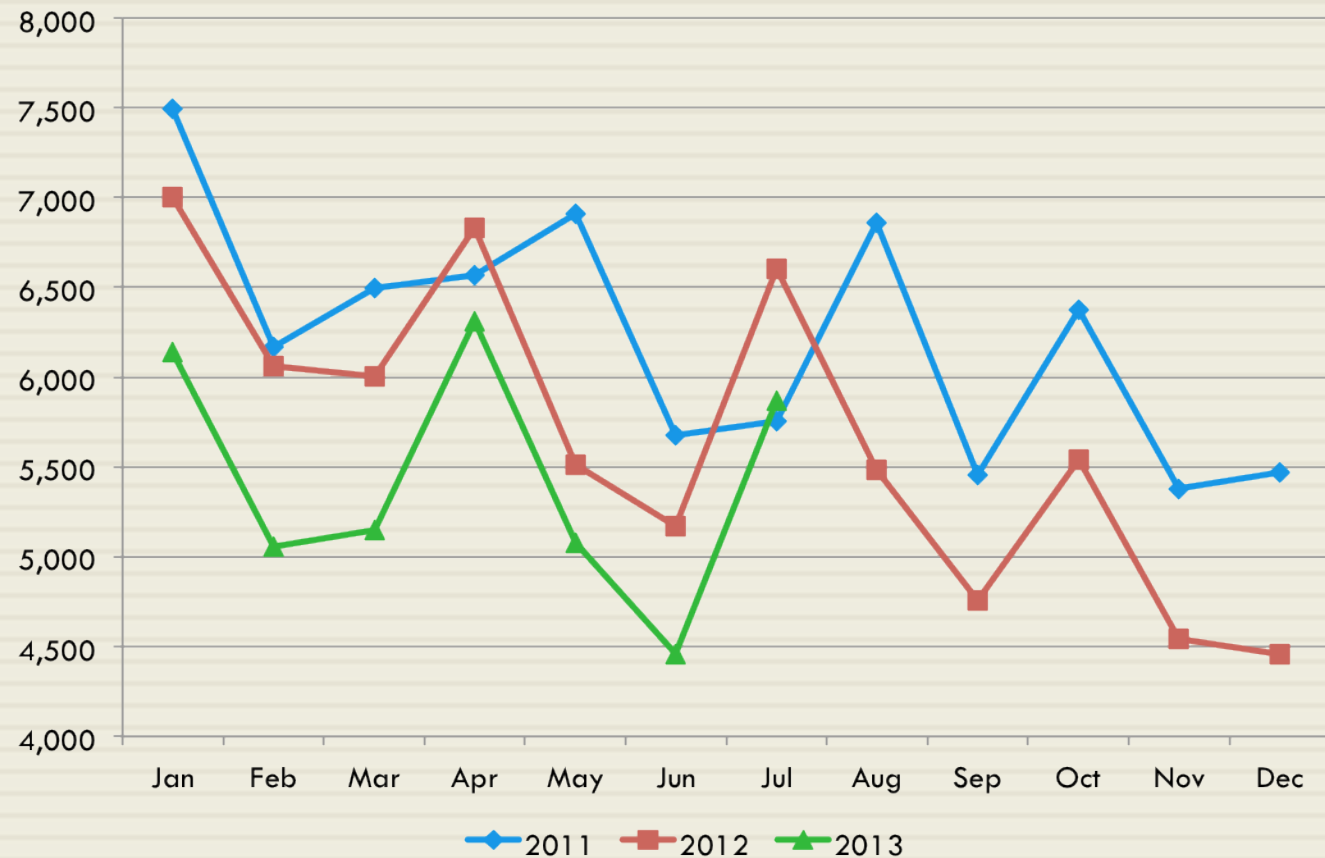
UI Final Payments

2011 - 2013 (year to date)



12

- For the first seven months of 2013, final payments are down 11.8% from 2012, and 15.5% from 2011.
- The exhaustion rate in July was 47.3%, down from last July's 53.5%.



Fourth Circuit States



13

	Trust Fund Balance (7/31/13) (Millions)	Average Tax per Employee (year ending 9/30/12)	Average Tax Rate (year ending 9/30/12)	Taxable Wage Base 2013	2013 Maximum Weekly Benefit	2013 Maximum Weekly Benefit Replacement Rate
DC	\$321	\$252	2.80%	\$9,000	\$359	25%
MD	\$950	\$473	5.56%	\$8,500	\$430	44%
NC	-\$1,680	\$479	2.35%	\$20,900	\$350	44%
SC	-\$343	\$323	2.69%	\$12,000	\$326	44%
VA	\$249	\$230	2.87%	\$8,000	\$378	40%
WV	\$118	\$382	3.18%	\$12,000	\$424	57%
US Avg.		\$452	3.48%	\$12,996	\$416	44%